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WACO, TEXAS

U.S. TRADE REPRESENTATIVE ROBERT ZOELLICK AND AGRICULTURE
SECRETARY ANN VENEMAN HOLD NEWS CONFERENCE FOLLOWING PRESIDENT'S
ECONOMIC FORUM IN WACO, TEXAS

SPEAKERS: ROBERT ZOELLICK
U.S. TRADE REPRESENTATIVE

ANN VENEMAN

(JOINED IN PROGRESS)

ZOELLICK: As those of you who heard the president's remarks in the plenary session, he made clear that Ann and I have some work to do on trade.

What I thought I would do just real briefly and then turn it over to Ann is that since some of you don't cover trade regularly, just to give you a little sense about where we were on trade, where we are and where we're going.

Where we were at the start of 2001 was, frankly, trade really wasn't on the agenda. The president had not had trade negotiating authority since 1994. There had been three failed efforts with the Congress. And, frankly, a lot of people were advising us not even to try because they didn't think it was possible. In 1999, there had been a failed effort by the countries around the world to launch the new World Trade Organization global negotiations in Seattle, and in the aftermath of that the anti- globalization movement really felt they had the upper hand.

Our predecessors had done a very good job of moving ahead the accession of China and Taiwan into the WTO with a vote on the permanent normal trade relations, but, frankly, that was stuck as well.

So where are we? Over the past year-and-a-half, we were able to reverse the failure in Seattle and launch the Doha negotiations, the global trade negotiations now involving 144 economies.

We brought China and Taiwan into the WTO, which will be of historic importance given their role in Asia and the global economy.

Third, after almost a decade, we were able to achieve the president's trade promotion authority to get that negotiation. And what a lot of people haven't focused on is that trade bill also included a lot of liberalization from day one. It included liberalization for the Andean countries, African countries, Caribbean countries, Central American countries, all over about \$10 billion worth of trade liberalization.

We got Jordan, a free trade agreement with Jordan through the Congress, we have a basic trade

agreement with Vietnam, we have a historic package for trade adjustment assistance to help countries get -- or help individuals go through the process of change, moving from about \$400 million to \$1.2 billion of support with some innovative programs. And we've given a big push to the Free Trade Area of the Americas involving 34 democracies.

So where are we going? I hope by the end of this year we'll meet the president's urging and complete our free trade agreements with Chile and Singapore. We hope to launch new free trade agreements with the five Central American democracies; Morocco, which would be our second with a Arab Muslim country; the Southern African Customs Union, the five countries of South Africa, Botswana, Namibia, Lesotho and Swaziland; and also possibly one with Australia, a major industrialized trading partner in the Pacific.

We also hope to be able to complete the Doha global negotiations by 2005, that's the deadline that all the countries have set. And similarly the Free Trade Area of the Americas negotiations, all 34 democracies set a goal of 2005.

So we have a strategy of trying to move liberalization ahead globally, regionally, bilaterally, and to create a competition on liberalization.

And finally, we've been trying through this process to create a broader base of support for trade at home. That's part of what this event was today, the people we brought together in the forum from all walks of life, small business, big business, union workers, service workers, and recognize the importance of trade to the economy.

ZOELLICK: And on the other hand, we also are trying to move ahead a recognition of the importance of trade with development, which was a topic that came up from a number of people in our forum, dealing with Africa and Central America in particular. But the point about how trade not only supports growth and opportunity and is the best poverty reduction program around, but is part of building democracy and rule of law.

So, Ann?

VENEMAN: Well, thank you. It's been a great pleasure for me to be a part of this forum today, and to, along with Ambassador Zoellick, to chair the forum breakout session on international trade.

You might wonder why the agriculture secretary is also working with the trade negotiator on the trade session, but international trade is extremely important to agriculture. Agriculture is one of the most export-dependent industries that we have in this country, and it is one of those areas in which we run a positive balance of trade.

This year, we expect agricultural exports to reach around \$53 billion. We export about half of the wheat that we grow, and in fact, we heard from one of the wheat producers from Washington state today, and he said that in his area, their wheat industry is 80 percent dependent on exports. That's very, very important.

We export approximately 40 percent of the cotton, a third of the soybeans, a fifth of the corn. We export a tremendous amount of fruits and vegetables, high-process products. We had a number of small business today who are in the related businesses of food, who talked about the importance of the global market to their industries.

VENEMAN: As Ambassador Zoellick has said, we've made a tremendous amount of progress on the trade agenda. It's not just finally succeeding and getting trade promotion authority after all these years, which now allows us to move ahead with trade agreements, but it is also launching the new round in Doha. We were there together. Ambassador Zoellick played a key role in launching that round in Doha. And I think that because of that, we will be able to move the global trading system into much more liberalization, and thereby help the developing world become not only better integrated into the global trading system, but better customers for our producers and for producers all around the world.

Last month, we unveiled a very ambitious trade proposal for agriculture in the WTO. It would move us forward in a very positive way. It showed strong leadership on the part of the United States in trying to move agriculture trade barriers in a very positive way to be eliminated -- ultimately eliminated, but initially balanced in a new WTO agreement.

It is estimated that a completely free global market for food and agriculture products would result in approximately \$13 billion a year in economic growth for America's farmers and consumers. So it's very important. So it's good for our farmers, it's good for our economy and it helps create jobs.

Today we heard a lot about the importance of trade creating jobs. The gentleman who reported at the president's session was from UPS. And he said for every 40 international packages that they deliver that means another job.

VENEMAN: It was real-world, this is what trade means to jobs that we heard today. And so I think that for all of us, we heard a very strong message on the economy. So many of these issues that we heard about today, be it taxes, be it health care, be it education, be it trade, all impact our food and agriculture sector, so we're very pleased to be a part of this today. Thank you.

We told them everything. Or they're worn out.

ZOELLICK: They're worn out.

OK, any questions?

QUESTION: (OFF-MIKE) China is very important trade partner of the United States, and last month the House passed a resolution (OFF- MIKE)?

ZOELLICK: I think I heard the question, but just to make sure that everyone else heard it. It was about China and human rights and the passing of the resolution about human rights and the relationship to trade, roughly.

Well, one of the reasons why the United States strongly supported China's accession, joining to the WTO, along with a democratic Taiwan is, is that, if anybody's been to China over the past 20 years, and I lived in Hong Kong in 1980, you've seen a tremendous transformation in that society. And it's not only affected the economy, but it's also affected the openness.

ZOELLICK: Now, from an American point of view, as a democratic country, there's still a long way to go. But our belief is that trade is part of the wind of change of bringing openness and freedom. And part of what it also does is bring the rule of law. Part of what my belief is that China needs as a developing society is rule of law economically that will also inevitably affect life politically. And so the human rights are always going to be at the core of what the United States stands for.

ZOELLICK: It's our belief that with China, given the progress that has been made, we can help China improve its standard of living, the nature of society, the rule of law by having a more open economy, and that's why we were pleased to bring China into the WTO. And I might say, it was also an important complement to bring a democratic Taiwan in at the same time.

QUESTION: (OFF-MIKE)

ZOELLICK: I don't know the specific case that you mention, but I think the latter part of your question emphasizes the key point. When I was in China a couple of months ago, I met a number of Internet entrepreneurs and software developers in China. A number of these were people that had actually come to the United States before Tiananmen Square, they stayed in the United States, but they eventually decided to go back, because they thought they could be part of China's transformation, and they felt that the Internet would be part of that.

And I believe it will. I don't believe that people can hide the information that is now available in the Internet. There are many ways, as your question suggests, that people can get around blockages.

Now, from our point of view, is it better if there's more information for everybody in China to see and hear? Yes. I think that day will come. And one can already see the affect on Chinese society compared with the China that I first visited some 22 years ago.

VENEMAN: Can I just comment, as well? I just returned from China two weeks ago today, and it was a very interesting trip. Not only did we talk about the importance of food and agriculture trade post-accession of China into the WTO. And I can tell you that from everything I heard, China is taking their obligations as new members of the WTO very seriously. But we want to continue to work with them to make sure that the agreements that we negotiated are truly giving the access to the market that we had anticipated and that we sold our Congress and our farmers and ranchers and our entrepreneurs on when we passed the agreement to go forward with the Chinese accession.

VENEMAN: But on the issue of the importance of the Internet, one of the areas that I had the opportunity to visit was an enterprise called the Beijing Genomics Institute. This institute would

not exist without linkage by computers and the Internet. These are a group of highly skilled scientists who are engaged in genomic research that's being integrated in with genomic research around the world, and including they had a part to play in the mapping of the human genome.

They also were the first institute to map the rice genome. Now, that would not have been possible without interlink through computers and the Internet system, because all of that conversation globally among all of these institutes and universities is taking place to create truly incredible scientific discovery that is global in nature and that China's a big part of.

QUESTION: On fast track, what's the number one piece of legislation to go through the bill, what's the priority?

ZOELLICK: Well, as I briefly mentioned, I believe we should be able to bring back the Chile and Singapore free trade agreements. We ought to be able to complete those by the end of this year, that's our goal. And because we have to give a 90-day notice after the completion, they'd probably come to the Congress next year.

But I also mentioned some of the other free trade agreements that we want to try to start, but I also don't want to lose sight of the importance that the trade promotion authority is for the global negotiations.

Because in the aftermath of the vote and the president's signature, I received messages from all over the world, from Africa, Latin America, Europe, Asia, where people said they felt this gives a new shot in the arm for those Doha negotiations. So we want to work globally, regionally and bilaterally and together send the following message, "We're ready and open for business to negotiate. If somebody isn't ready, fine, we'll go on with others." And I think that will help us work on every front.

QUESTION: (OFF-MIKE)

ZOELLICK: Yes. For those of you who couldn't hear, this is the question about with more free trade, frankly it raises the question about moving goods and products across the border, and you emphasized the border with Mexico.

There are a couple of different elements. One is, in the aftermath of September 11th, our Customs Service put together some programs, first with Canada and Mexico, to try to make sure that we expedited the delivery of products, but also frankly be able to scrutinize what's coming in. And this is where, frankly, the combination of some software programs and algorithms and working with customs services on both sides of the border help us do that. And frankly, the work we've done with Canada and Mexico, the Customs Service is now spreading to ports all around the world, starting with the 10 biggest ports.

A second element that you mention is very important, and, you know, it's been part of the U.S. response after NAFTA, is to create the infrastructure. You've got the NAFTA highway here in Texas. And part of this is -- the president actually came down and I think inaugurated some of

the new and expanded bridges. But it's also a question of the overall communities and some of the environmental issues. There's some work that's been done -- I know we've had some false starts with it with the NAD Bank, the North American Development Bank, with some of the issues. But frankly, the numbers I saw show they're doing some more loans to try to get this going forward. There's an international boundary and water commission that tries to work on these issues.

And so, the key thing about this is that one of the things that NAFTA created is not just trade. It's creating a unified North American market, because that has implications, as these people ask, about everything from the development of democracy in Mexico to the improvement of a free press in Mexico to a whole series of aspects about creating what is now a common society. And that's part of what trade is about, too. And particularly in the Southwest it's a very meaningful aspect about, for Hispanic Americans, about the United States being part of Latin America, but also Latin America being part of the United States.

QUESTION: (OFF-MIKE)

ZOELLICK: You know, I'm not sure that I would agree that the situation of rights in China has deteriorated. As I said, I first visited China in 1980 and the lack of degree of freedom and opportunity for people to pick a job, to live where they wanted to live, to have the type of work they wanted, to marry who they wanted, that has changed tremendously in 22 years.

Now having said that, obviously there's a long way to go. And when the president was in China, one of the ways he emphasized this, in terms of something like religious freedom was talking about religious freedom, going to churches, trying to emphasize the importance of the spiritual dimension which, as you probably know, is a big topic of debate in China, is that whether it's all economic development and the role of also the inner aspect of people.

So, I personally believe, and you've seen this around the world, that openness creates the possibility for change. If you close societies off, then those who try to control have a stronger hand. But if you open up to ideas, to people from around the world, to ideas, that's the process of transformation.

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